

March 21, 2007,

To ODOGM personnel:

Furthur to our verbal communication I am enclosing herewith a copy of Kimmerle Mining LLC's Plan Of Operations for the Pine Ridge Mine. The mine is located in San Juan County, Utah. More particularly in the NW ¼ of Section 4, Township 29 South, Range 25E, SLBM. This land is administered by the US Forest Service.

Staff of the USFS, have been reviewing the Plan for several months. At their request Kimmerle Mining has agreed to divide the Plan into two phases. Phase 1 will authorize Kimmerle to make minimal repairs to the access road, excavate the portal site, enter and inspect the mine workings, and to perform necessary underground work to ensure the safety of employees, while underground. This phase will also allow underground exploration activities. However no production is permitted.

If the findings of Phase 1 are positive, and Kimmerle elects to proceed then the USFS will proceed with a second and more in depth environmental analysis, before the complete Plan of Operations is authorized.

Joel Nowak from the USFS is reachable at 435-587-2041. Joel felt that Authorization for Phase 1 would be complete in the next week or two. Therefore this communication is being sent to UDOGM to assess and appropriate bond amount for Phase 1.

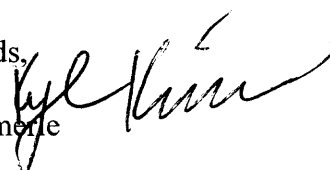
Surface disturbances from Phase 1 will be limited to: removing rocks and debris from the access road, repairing some erosion damage, and excavating the portal. Material removed from the portal will be piled nearby. If Phase 1 findings are negative then the material will be again be used to close the portal. It is expected that phase one will disturb less than 1 acre of surface area.

A prompt response is appreciated. Please direct any questions relating to the Plan to:

Kimmerle Mining LLC
Kyle Kimmerle
4056 Beeman Rd.
Moab Ut 84532
Phone/fax – 435-259-1921
email kimmerlefh@yahoo.com

Best regards,

Kyle Kimmerle



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United States
Department of
Agriculture

Forest
Service

Manti-La Sal
National Forest

Moab/Monticello Ranger District
62 East 100 North
P.O. Box 386
Moab, UT 84532
Phone # (435) 259-7155
Fax # (435) 259-7737

File Code: 2810

Date: February 1, 2007

Kyle Kimmerle
Managing Partner
Kimmerle Mining LLC
4056 Beeman Road
Moab, UT 84532


Dear Mr. Kimmerle:

Per our conversation on January 12, 2007, in regards to the recent submission of the Pine Ridge Mine Plan of Operations on the Moab District of the Manti-La Sal National Forest. We have internally reviewed it and feel that the most beneficial action to take now is to reopen the mine via two separate environmental analyses. The first phase would involve a relatively simple environmental document and Special Use Permit (SUP) to authorize opening the mine. You would be authorized to bring in a back hoe and a four wheel drive truck with the necessary equipment to safely open and inspect the mine in accordance with the terms and conditions of the SUP and environmental document. If you determine from the inspection that it is feasible and/or economical to proceed with mining operations, then we will proceed with a second, more in-depth environmental analysis to authorize the Plan of Operations. This should reduce time and cost to your company, due to the bond required for the first phase would be much less, than the second phase. It would also reduce the cost to the Forest Service, if the mine were not operable. You agreed that this option is the best course of action.

We are now in the external scoping process to determine the final level of environmental analysis we will pursue in the initial reopening of the mine. The public has 30 days from the date the legal notice was published to provide input. We anticipate a categorical exclusion will be used for the authorization of this phase. If no unforeseen environmental circumstances are present, we feel this part of your operation can be authorized by your proposed start up date or when the ground has dried out enough that your machinery will not cause undue damage to the road and reclaimed areas.

Thanking you in advance. If you should have any further questions, feel free to contact Joel Nowak at (435) 636-3364.

Sincerely,


LEE D. JOHNSON
District Ranger

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